

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Support
SPONSOR: Office of the State Chief Information Officer

BILL NUMBER: AB 2408
AUTHOR: C. Smyth
RELATED BILLS: AB 1266

BILL SUMMARY: State Government Information Technology

This bill would codify Governor's Reorganization Plan (GRP) No. 1 to consolidate information technology (IT) functions, which took effect May 10, 2009. This bill would amend numerous sections of the Government Code, the Public Contract Code, the Revenue and Taxation Code, and the Welfare and Institutions Code relating to IT in California State government. Specifically, the bill would codify the following:

1. Transfer of all duties, functions, employees, property, and related funding of the Division of Telecommunications within the Department of General Services (DGS) to the Office of the State Chief Information Officer (OCIO).
2. Rename and transfer of the Department of Technology Services (DTS) within the State and Consumer Services Agency (SCSA) to the Office of Technology Services (OTech) within the OCIO; and renaming of the DTS Revolving Fund to the Technology Services Revolving Fund.
3. Elimination of the Office of Information Security and Privacy Protection (OISPP) and creation of the Office of Information Security (OIS) within the OCIO and the Office of Privacy Protection (OPP) within SCSA, with a corresponding division of the duties, personnel, property, and funding of OISPP between the two offices.
4. Transfer of responsibility for state IT procurement policy to the OCIO from DGS, Department of Finance, and the former Department of Information Technology. Specifically, the OCIO shall have responsibility for establishment of tactical policy and procedures for data processing acquisitions.
5. Eliminate the January 1, 2013 OCIO sunset date contained in Government Code Section 11548.5.

Note that the OCIO indicates that the bill is expected to be amended in the Senate to incorporate Executive Order S-03-10 requirements.

FISCAL SUMMARY

This bill is not expected to result in any additional costs that could not be absorbed within existing resources.

Further, data provided by the OCIO estimates roughly \$1.5 billion in savings and cost avoidances across state departments over five years as a result of IT efficiencies expected to result from the proposed IT consolidation. These savings and avoidances would be achieved primarily through consolidated contracts, servers, and data center space; strategic sourcing improvements; enhanced spending control; and reduced reliance on independent oversight contracts. The estimated cost savings/avoidances represent approximately 55 percent General Fund and 45 percent other funds.

Analyst/Principal (0820) S. Davis-James	Date	Program Budget Manager Diana Ducay	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

C. Smyth

Original

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COMMENTS

Finance has had the opportunity to comment on GRP No. 1, and supports AB 2408 as the statutory vehicle to codify the IT consolidation. Finance also notes the following:

- Section 11545 of the Government Code established the OCIO effective January 1, 2008. The office is responsible for advising the Governor on the strategic management and direction of the state's IT resources; establishing and enforcing state IT plans, policies, standards, and enterprise architecture; promoting the efficient and effective use of IT in state government; providing technology direction to agency and department chief information officers (CIOs); and performing enterprise IT functions and services including implementing geographic information systems, shared services, applications, and program and project management activities in partnership with the owning agency or department.
- Existing law requires the Technology Services Board to engage an annual financial audit of the state data center. This bill would transfer that responsibility to the State CIO.
- The bill changes Government Code references from Office of Emergency Services (OES) to California Emergency Management Agency (CalEMA). Chapter 372, Statutes of 2008 (AB 38), which became effective January 1, 2009, combined OES and the Governor's Office of Homeland Security into the new cabinet-level agency CalEMA.
- Related bill AB 1266, introduced in February 2009, would have codified GRP No. 1. However, this bill did not pass out of committee. The only significant change in the current bill is a repeal of the 2013 sunset date.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
9050/Stwd Savings	SO	No	M	-\$29,700	M	-\$94,880		--	0001
9050/Stwd Savings	SO	No	M	-\$24,300	M	-\$77,625		--	0494
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
494	Other - Unallocated Special Funds								

**Note that the figures in the Fiscal Impact table represent only estimated savings, and do not include estimated cost avoidances.*